

Government of the District of Columbia
Department of Insurance, Securities and Banking



Chester A. McPherson
Interim Commissioner



**ENFORCEMENT AND CONSUMER PROTECTION
DIVISION**
ENFORCEMENT AND COMPLIANCE SECTION

TO: Licensed Insurers in the District of Columbia

FROM: Gregory Marsillo, Acting Associate Commissioner
Enforcement and Consumer Protection Division

SUBJECT: Notice of CY 2013 Anti-fraud Compliance Updates

*Effective March 27, 2003, Amendments to the D.C. Insurance Anti-fraud Law,
D.C. Official Code § 22-3225.01 et seq.*

A. RE: Submission of a CY Annual Anti-fraud Statistical Activity Reporting Form
NEW – Amendment, D.C. Official Code § 22-3225.12:

NOTE: NOT APPLICABLE, IF THE DISTRICT GRANTED AN EXEMPTION

- (1) **Current Filing Requirements:** The new amendment requires insurers to report annually to DISB's Enforcement and Consumer Protection Division (ECPD) a summary of action taken under their anti-fraud plans to prevent and combat fraud for the **District of Columbia Only**.
- (2) **D.C. Revised Form:** The annual report should provide detailed information as prescribed on the reporting form. The District of Columbia has revised its "DC CY Annual Anti-fraud Statistical Reporting Form," along with Instructions.
- (3) **Captured Data - Changed from the District's fiscal year, October 1 to September 30:** Annual reports under this section should cover anti-fraud activities for each calendar year. Captured data should be covering the period from January 1 through December 31 for the **District of Columbia Only**.
- (4) **Filing Deadline - Changed from December 31:** The reports are to be filed by **March 31st** and cover the previous calendar year's anti-fraud activities for the **District of Columbia Only**.
- (5) **Submit ONLY One Composite Report, Per NAIC Group:** As the principal company, send one report, which is a compilation of all your subsidiary companies

within your same National Association of Insurance Commissioners (NAIC) group, by line of businesses as shown on the reporting form, if applicable. The reporting form should reflect only the total compilation of statistical numbers under the applicable header column for all Life, Health, P/C, WC, etc. for all your underwriting companies. **That is, if the underwriting company number one has two (2) cases, and underwriting company number two has four (4) cases, please enter the combined number of six (6) under the respective header column.**

B. RE: Submission of an Anti-fraud Plan, D.C. Official Code § 22-3225.09(a)

NOTE: NOT APPLICABLE, IF GRANTED AN EXEMPTION

This provision requires insurers to report an anti-fraud plan to ECPD only once, not annually, initially. For new insurers, please file, within six (6) months of the effective date of the issuance of the DC Certificate of Authority. However, if there are any significant changes made to your anti-fraud plan, please submit an updated anti-fraud plan to our office.

C. RE: D.C. Point of Contact Person Form:

If there are changes made to your compliance or Special Investigation Unit (SIU) point of contact person(s) for the District of Columbia, please complete and submit an updated “D.C. Point of Contact Persons Form” only to our office. The form should contain your company’s compliance reporting representative and your SIU reporting representative responsible for the District of Columbia geographical area, as well as, a local D.C. SIU representative.

The above-mentioned compliance reporting forms may be found on DISB’s website at [Insurance Industry Anti-Fraud Compliance Reporting](http://disb.dc.gov/node/319522). [Annual Anti-Fraud Statistical Report: <http://disb.dc.gov/node/319522>]

D. RE: REVISION - Reporting Forms of Suspected Insurance Fraud, D.C. Official Code § 22-3225.08(a)

This provision requires insurers to report action that constitutes the commission of insurance fraud to the ECPB. Please begin using the newly revised “NAIC Uniform Suspected Insurance Fraud Reporting Form,” when reporting suspicious claims, or as part of your submission package for individual investigation cases. Please submit your referral form directly to EIB.DISB@dc.gov or contact on (202) 442- 7109.

Please address all compliance inquiries or correspondence to the following:

Betty M. Bates, MSM/MSIR, CPM
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Enforcement and Consumer Protection Division
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ANNUAL ANTI-FRAUD STATISTICAL REPORT INSTRUCTIONS

The purpose of these instructions is to provide information for completion of the Department of Insurance, Securities and Banking CY Annual Insurance Anti-Fraud Stat Report (the Report).

Company Information

Every insurer licensed to write business in the District of Columbia is requested to prepare this Report on a Calendar Year annual basis. One collated report will suffice for a parent company (NAIC Group) that has several subordinate business entities supported by the same Special Investigations Unit (SIU). Report only information that pertains to policies written or claims paid in the District of Columbia.

Reporting Criteria

Annual reports are not public record documents and are treated as confidential information for analysis by DISB. Therefore, they will not be released and receive protection from disclosure pursuant to Freedom of Information or similar requests.

The body of the Report requires specific quantitative data based on defined criteria. Each reporting criteria has been identified with a specific reporting Line Number on the Report.

Line of Business Information

The body of the Report has been designed to segment quantitative data by line of business for each defined criteria. A separate Column has been provided for each line of business required.

Notations/Explanations

A section on the Report has been provided for the insurer to provide notations or explanations regarding the data provided. Completion of this section is optional.

Preparation/Certification

Insurers are required to report the name of who prepared the report. If the SIU prepared the report and the compliance officer submitted the report, both must sign.

Company Information

The header of the Report has two lines to be completed.

Company Name- Indicate the full legal name of the company licensed to write business in DC.

NAIC Group Number- the NAIC assigned group number associated with the holding company name, if applicable, but if not applicable, enter - 0 - (For all correspondence).

NAIC Company Codes- Indicate each NAIC assigned numbers and underwriting company's name associated with the above NAIC group number.

Reporting Criteria

The body of the Report requires specific quantitative data based on defined criteria. Each reporting criteria has been identified with a specific reporting Line Number on the Report. Each Line Number is defined as follows:

- Line 01 - Report the number of claims the company received during the annual reporting period. Generally these will be claims that have been assigned an individual unique claim number identifier. Claims by: DC Insureds, DC Beneficiaries, and DC Owners Only.

- Line 02- Report the total number of suspected cases accepted by the Special Investigations Unit (SIU) or comparable investigative unit. Use 02a through 02c to provide a further breakdown of cases accepted by types of fraud. Line 02 should equal the total of Lines 02a through 02c.
- Line 02a- Report the total number of cases accepted by the SIU for suspected application fraud. Generally these will be cases where the insured has provided inaccurate, incomplete and/or made a material misrepresentation of information to the insurer when applying for an insurance policy.
- Line 02b- Report the total number of cases accepted by the SIU for claim fraud. Generally these will be cases where the insured, claimant, or provider has provided inaccurate, incomplete or exaggerated information to an insurer regarding a claim issue under an insurance policy.
- Line 02c - Report the total number of cases accepted by the SIU for premium avoidance. Generally these will be cases of internal financial fraud committed by agents, employees or others associated with the insurer.
- Line 03- Report the number of claims denied, dropped or mitigated based upon SIU investigation.
- Line 04- Report the number of cases referred by statutory requirement to the Enforcement and Consumer Protection Division, Department of Insurance, Securities and Banking (DISB), Government of the District of Columbia.
- Line 05- Report the number of cases referred to non-profit agencies, for example, The National Insurance Crime Bureau (NICB) and National Health Care Anti-fraud Association (NHCAA).
- Line 06- Report the number of suspect claims referred directly to law enforcement agency (District of Columbia Metro Police Department, FBI, US Postal, or other entity).
- Line 07- Report the number of arrests from those cases referred to Enforcement and Consumer Protection Division or other law enforcement agency, for example, DCMPD, FBI, etc.
- Line 08- Report the number of convictions from those cases referred to Enforcement and Consumer Protection Division or other law enforcement agency.
- Line 09- Amount of money recovered on fraudulent cases. This amount represents money or property returned and money or property recovered based on a determination of insurance fraud through investigation.
- Line 10- Report by line of business the totals of cases referred for civil or criminal prosecution by the Special Investigations Unit (SIU) or comparable investigative unit. Lines 10a through 10c provide a further breakdown of cases referred by type of perpetrator. Line 10 should equal the total of Lines 10a through 10c. Report each case once. In those cases where there were multiple types of perpetrators involved in the same case (i.e. Insured and Medical Provider), select the primary perpetrator and report as one case on Line 10 and as one case under the appropriate type on Lines 10a through 10c.
- Line 10a - Report the total number of cases referred to authorities where the suspected perpetrator is a claimant or insured.
- Line 10b - Report the total number of cases referred to authorities where the suspected perpetrator is a medical, legal or other type provider.

- Line 10c - Report the total number of cases referred to authorities where the suspected perpetrator is an agent or broker.
- Line 11- Report amount of money not paid on suspected fraudulent cases because of SIU activities. This amount represents money saved as a result of not paying specific claims based on a determination of insurance fraud or mitigating circumstances through investigation by the SIU. If your SIU uses another method of measuring the effectiveness of the SIU please, in the “Notations section”, describe the methodology your organization uses.

Line of Business Information

The body of this Report has been designed to segment by line of business specific quantitative data based on defined criteria (See Fraud Reporting Criteria section of these instructions). A separate column has been provided for each line of business required. Each Line item must be completed for each Column. Enter a “0” in those situations where there is no information to report. Each line of business Column is defined as follows:

- Column A - For each reporting criteria, report the number or amount that pertains to Automobile insurance. This includes all automobile lines, including automobile liability and automobile physical damage, both personal and commercial.
- Column B - For each reporting criteria, report the number or amount that pertains to Property/Casualty insurance.
- Column C - For each reporting criteria, report the number or amount that pertains to Life insurance. This includes all types of life insurance and annuities, including participating, non-participating and variable products.
- Column D - For each reporting criteria, report the number or amount that pertains to Accident and Health insurance. This includes all medical and dental plans, including HMOs and includes accident and disability products. Also, this includes group plans, including those self-insured plans for which the insurer is the third party administrator.
- Column E- For each reporting criteria, report the number or amount that pertains to Workers’ Compensation.
- Since there is no “Other” Column and if your company’s line(s) of business is not applicable to any of the above-mentioned, your company does not need to submit an annual anti-fraud statistical report.

Notations/Explanations

This section of the Report provides the insurer the opportunity to disclose any information that the insurer deems necessary to clarify the data reported. This section most often will be used to explain why a line item was not completed, but can be also used to provide an explanation for what appears to be an unusual entry. This is a freeform section. However, to facilitate completion and review, please reference each notation/explanation to the corresponding Line Number and Column Letter. Completion of this section is optional. The following is an example of a possible entry to this section:

- “Line 11- SIU tracks reserve savings as a method of measuring SIU contribution.”